



MKTG3527 - Pricing Strategies

GENERAL INFORMATION	
Instructor: Dr. Jinzhao Du Email: jinzhao.du@hku.hk / jzdu@hku.hk Office: KK 708 Phone: 3917 4478 Consultation times: By appointment Teaching Assistant: Ms. Yana LO Email: yanalo@hku.hk Office: KK 605 Pre-requisites: MKTG2501 Introduction to Marketing	
COURSE DESCRIPTION	
<p>Profitable pricing is one of the most critical, but often the least understood managerial decisions. Among all the marketing mix, while all other ingredients represent costs, pricing is the only element that produces revenue. Firms rely on pricing to harvest its effort to create value for consumers, yet managers often make mistakes in their pricing decisions. For example, pricing is too cost-oriented, unresponsive to market change, or inconsistent with the product position.</p> <p>This course covers both the economic theories of pricing, and the analytical tools for formulating effective pricing strategy. This course also discusses commonly used pricing tactics, including some of the newest pricing practices. The course is highly applied, and prepares students for pursuing a career in marketing, consulting, and finance.</p>	
COURSE OBJECTIVES	
<ol style="list-style-type: none">1. To familiarize students with the principles and tools required for effectively setting prices.2. To develop students' understanding of the mechanism behind different pricing practices.3. To provide students with the opportunity to design their own pricing tactics, and to apply the pricing knowledge to solve business problems.	
FACULTY LEARNING GOALS (FLGs)	
<p>FLG1: Acquisition and internalization of knowledge of the programme discipline</p> <p>FLG2: Application and integration of knowledge</p> <p>FLG3: Inculcating professionalism</p> <p>FLG4: Developing global outlook</p> <p>FLG5: Mastering communication skills</p> <p>FLG6: Cultivating leadership</p>	
COURSE LEARNING OUTCOMES (CLOs)	
Course Learning Outcomes	Aligned Faculty Learning Goals (FLGs)
CLO1: Comprehend key theories, models, concepts, and mechanisms on managerial pricing decision.	FLG 1
CLO2: Discover sources of information for estimating consumers' response to price change, and for evaluating a firm's current pricing strategy	FLGs 1, 2
CLO3: Acquire the necessary analytical and empirical skills for developing successful pricing strategy	FLG 1, 2

CLO4: Develop skills of understanding dynamic business environment and accordingly designing new effective pricing tactics	FLG 1, 2, 4
CLO5: Develop teamwork skills through multiple group assignments.	FLG 3, 5, 6
CLO6: Demonstrate effective verbal and written communication skills	FLG 3, 5, 6

COURSE TEACHING AND LEARNING ACTIVITIES		
Course Teaching and Learning Activities	Expected Study Hours	Study Load (% of study)
<p>T&L1: Lectures</p> <p>Topics for each week of the course are identified in the syllabus. The instructor will illustrate key concepts and issues. Students are expected to do the assigned readings for the week in advance of the lecture, since activity during the session will build on the text and other reading materials.</p>	36h	26%
<p>T&L2: Case Study and Class Participation</p> <p>The course will use 3 cases to make students employ their learning. The quantity and quality of students' participation in case study discussions are important parts of the learning process. Students are requested to form groups, discuss the case within the group, and submit the written case analysis before coming to class.</p>	30h	21%
<p>T&L3: Exercise</p> <p>There are 2 exercises in total. Each exercise is required to be done individually, and will help students to develop their conceptual clarity and their ability to solving pricing problems.</p>	26h	19%
<p>T&L4: Final Project</p> <p>The final project is a group assignment. Each group is required to select a firm and apply the concepts from the course to a real pricing problem. The purpose of the project is to develop an in-depth understanding of a pricing method and demonstrate the skill to solve business problems using appropriate pricing methods.</p>	48h	34%
Total	140h	100%

Assessment Methods	Brief Description (Optional)	Weight	Aligned Course Learning Outcomes
A1: Class Participation (Individual)	See "Assessment Rubrics for Each Assessment" for details	10%	CLO 1,2,3,4,6
A2: Written Case Analysis (Group)		15%	CLO 1,2,3,4,5,6
A3: Exercise (Individual)		20%	CLO 1,2,3,4,6
A4: Group Project (Group):		25%	CLO 1,2,3,4,5,6
A5: Final Test (Individual)		30%	CLO 1,2,3,4,5,6
Total		100%	

Coursework / Final Test Ratio: 70 % / 30 %

STANDARDS FOR ASSESSMENT

Course Grade Descriptors

A+, A, A-	The candidate meets course requirements with a superior level of performance, as evidenced by consistently demonstrating a thorough grasp of the key concepts, consistently actively contributing to class discussion, providing all or almost all accurate analysis in each home work assignment, well organizing the final presentation, and effectively and professionally delivering the content and defending the proposals.
B+, B, B-	The candidate meets course requirements with a high level of performance, as evidenced by frequently demonstrating a substantial grasp of the key concepts, actively contributing to class discussion, providing most accurate analysis in each home work assignment, appropriately organizing the final presentation, and effectively and professionally delivering most of the content and defending most of the proposals.
C+, C, C-	The candidate meets course requirements with acceptable performance, as evidenced by occasionally demonstrating a general grasp of the key concepts, contributing to class discussion, providing some accurate analysis in each home work assignment, appropriately organizing the final presentation, and effectively and professionally delivering part of the content and defending some proposals.
D+, D	The candidate meets course requirements with minimally adequate performance, as evidenced by demonstrating a partial grasp of the key concepts, occasionally contributing to class discussion, providing limited accurate analysis in each home work assignment, making an effort in organizing the final presentation, and delivering a minor part the content and defending the a few proposals.
F	The candidate does not meet course requirements, as evidenced by demonstrating a poor grasp of the key concepts, rarely contributing to class discussion, providing flawed and ungrounded analysis in most home work assignments, poorly organizing the final presentation, and failing in delivering most of the content and defending most of the proposals.

Assessment Rubrics for Each Assessment

A1. Class Participation (Individual, 10%)

Class participation is essential. Attendance is expected for all classes. Students are expected to actively participate in class by asking questions and contributing to class discussions. Participation skills are invaluable in a student's career. As a result, participation points are reflected in the grading scheme.

When evaluating student's contribution to class discussion, factors such as the following are considered:

- Is the comment accurate and thoughtful?
- Does the comment add insight to one's understanding of the pricing problem?
- Can the student effectively demonstrate his/her critical analysis of the material?

The instructor will take notes of each student's participation, and base on these notes to grade students' participation.

A2. Written Case Analysis (Group, 15%)

There will be 3 written case analysis assignments. The details will be provided in class. Students are encouraged to use numerical analysis whenever possible.

A3. Exercise (Individual, 20%)

There will be 2 exercises. Both exercises are required to be done individually.

A4. Group Project (Group, 25%)

The final project is about first identifying a pricing problem confronting an industry/business, and then suggesting alternative ways to resolve that problem. Specifically, each group is required to

- Pick an industry - e.g., automobiles, airlines, utilities, software, manufacturing, pharmaceuticals (OTC/prescription drugs), cable TV, Internet stores, etc.
- Discuss a specific problem that businesses in the industry face
- Show how pricing can be used to address the issue
- Present the final projects to the class and submit the slides and relevant appendices to the instructor.

Final Project Grade (25%) = Content (12%) + Presentation (8%) + Team Evaluation (5%)

More details and instructions will be provided in class.

A5. Final Test (Individual, 30%)

The test will cover topics discussed in the course. More details on the format of the exam will be provided in class.

COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

Week
Class 1: Course Introduction
Class2: Value-based Pricing
Class3: Customer Response to Pricing I
Class 4: Customer Response to Pricing II
Class 5: Product Line Pricing
Class 6: Price Customization
Class 7: Auction
Class 8: Behavioral Pricing
Class 9: Pricing and Competition
Class 10: Pricing of Multi-sided Platforms
Class 11: Group Presentation and Course Review
Class 12: Final Test

REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.)
<ol style="list-style-type: none"> 1. Lecture notes and supplementary readings will be handed out in class or uploaded in the course website. 2. (Optional Textbook) <i>The Strategy and Tactics of Pricing</i>, by T. Nagle, J. Hogan, and J. Zale, 5th Edition, Prentice Hall, 2010. (NHZ) 3. (Optional Textbook) <i>Principles of Pricing: An Analytical Approach</i>, by Rakesh V. Vohra and Lakshman Krishnamurthi. (VK)
MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE
<input type="checkbox"/> conducting mid-term survey in additional to SETL around the end of the semester <input type="checkbox"/> Online response via Moodle site <input type="checkbox"/> Others: _____ (please specify)
COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)
<ul style="list-style-type: none"> • Students are expected to maintain the highest level of professionalism. The minimum requirements include (but is not restricted to) arriving at class on time, silencing smartphones, turning off laptops (unless otherwise specified), etc. • Academic dishonesty, including plagiarism, cheating, prohibited collaboration or consultation, is NOT tolerated. Students are expected to be familiar with the booklet on "What is Plagiarism?" (http://www.rss.hku.hk/plagiarism/) and know how to avoid plagiarism. • Students are expected to submit their own original work. If unsure regarding what is appropriate and what is not, the student should consult the instructor. • Students are not allowed to share materials related to the cases and assignments outside of this class.
ADDITIONAL COURSE INFORMATION (e.g. e-learning platforms & materials, penalty for late assignments, etc.)
Students are expected to check the course update on Moodle regularly.